

Managed Risk Medical Insurance Board
December 19, 2007, Public Session

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Sophia Chang, M.D., M.P.H., and Richard Figueroa, M.B.A.

Ex Officio Members Present: Warren Barnes (on behalf of the Secretary for Business, Transportation and Housing), Bob Sands (on behalf of the Secretary for California Health and Human Services Agency), and Jack Campana.

Staff Present: Lesley Cummings, Denise Arend, Laura Rosenthal, Shelley Rouillard, Terresa Krum, Janette Lopez, Ernesto Sanchez, Caroline Castaneda, Cynthia Reed, Larry Lucero, Thien Lam, Will Turner, Seth Brunner, and Adrienne Thacker.

CALL TO ORDER

Chairman Allenby called the meeting to order at 10:14 am.

Chairman Allenby acknowledged Virginia Gotlieb who served on the Board from November 2002 through January 2007. He indicated that she had made an enormous contribution to the Board. She has a wonderful, gracious spirit, and has been extraordinarily dedicated and hard working. She embraced the Board's mission of reducing the number of uninsured and has been especially engaged with the need to cover medically uninsurable people.

Ms. Gotlieb said she was honored to have been a part of the Board and the MRMIB organization. She continues to keep abreast of the Board's activities. She has been gratified by the huge growth in Healthy Families enrollment. She looks back with pride on the Board's decision to change administrative vendors, noting that it resulted in major savings for the state and service improvements for subscribers. She emphasized her continuing concern for those who are medically uninsurable. She lauded the MRMIB staff and expressed her hope for great progress on covering the uninsured.

**REVIEW AND APPROVAL OF MINUTES OF OCTOBER 24, 2007 AND
NOVEMBER 5, 2007 MEETING**

The Board reviewed the minutes from the previous meetings.

A motion was made and unanimously passed to approve the minutes of the October 24, 2007 and November 5, 2007 meetings with no changes. The minutes are available respectively at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Public_10-24-07_DRAFT.pdf and

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Public_11-5-07.pdf.

Update on “Green” Access to Board Minutes

Lesley Cummings proposed that draft Board minutes in the future be posted on the MRMIB website prior to each meeting in lieu of mailing them with the agenda in advance of the Board meeting.

Chairman Allenby asked if there were any questions or comments from the audience. Dr. Crowell and Chairman Allenby voiced approval and there was no opposition to adopting the proposal.

STATE LEGISLATION UPDATE

Ernesto Sanchez welcomed Will Turner as MRMIB’s new legislative coordinator.

Special Legislative Summary

Mr. Sanchez indicated that ABX1-1 passed out of the Assembly and is set to be heard in the Senate Health Committee on January 16th. Senate President Pro Tempore Perata has requested that the Legislative Analyst’s Office prepare a fiscal analysis of the bill. Mr. Sanchez reviewed a handout from CalHealthReform.org summarizing ABX1-1. He then highlighted some of the major tasks MRMIB is charged with under the bill, including:

- Defining minimum creditable coverage standards and exemptions for the individual mandate which begins July 1, 2010, and establishing an appeals process for individuals mandated to purchase coverage;
- Developing a statewide awareness program to notify uninsured persons about the mandate, developing processes for the State to take action if persons do not comply and developing a report to the Legislature;
- Expanding coverage for eligible children in HFP from 250 percent federal poverty level (FPL) to 300 percent of FPL regardless of immigration status beginning July 1, 2009;
- Developing and implementing the California Cooperative Health Insurance Purchasing Program which will subsidize coverage for persons up to 250 percent FPL;
- Developing and implementing processes for issuing tax credits for persons 250 to 400 percent of FPL who purchase coverage in the pool and for

providing a 20 percent premium discount to employees of who pay into the pool;

- Providing Medi-Cal expansion benchmark coverage for 19 and 20 year olds up to 250 percent of FPL, parents, single adults and caretakers up to 250 percent of FPL;
- Offering three tiers of unsubsidized coverage in accordance with the tiers established by the Department of Insurance (DOI) and the Department of Managed Health Care (DMHC);
- Establishing an interagency agreement with the Franchise Tax Board to purchase health coverage data to be used by MRMIB and share individual's tax information for administrative purposes;
- Establishing an interagency agreement with the DHCS to provide MRMIB authority and responsibility for providing benchmark coverage;
- Collaborating with DMHC and DOI to develop a standardized individual risk assessment form to be used by health plans during the specified interim period until additional health care reform measures are implemented;
- Collaborating with the Department of Education to design a template of information about mandated coverage requirements to be distributed to parents;
- Collaborating with DHCS to pursue federal financial participation for CalCHIP and the Healthy Families program expansion;
- Receiving data from the Employment Development Department about employer-sponsored coverage expenses on behalf of their employees Implement pay-for-performance standards into all contracts with health plans contracting with MRMIB;
- Collaborating with the Department of Health Care Services (DHCS) to convene an outreach and enrollment stakeholder group to coordinate outreach and enrollment in programs run by the respective entities;
- Collaborating with the Department of Public Health to identify smoking cessation practices of the 10 largest health plans;

The handout is located at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_item_4a_12-19-07.pdf.

Chairman Allenby complimented Mr. Sanchez on his presentation and asked if there were any questions or comments from the audience. There were none.

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

SCHIP Reauthorization

Cynthia Reed reported that President Bush vetoed the Children's Health Insurance Program Reauthorization Act of 2007, an SCHIP reauthorization bill, for the second time. The bill would have allocated \$35 billion nationally for five years. Last night the Senate passed Senate Bill 2499 (S 2449), the Medicare, Medicaid and SCHIP

Extension Act of 2007, which would extend SCHIP funding until March 31, 2009 with additional funding to prevent state shortfalls. The House is expected to vote on the bill by the end of the week. S 2499 bill did not include any language to counteract the August 17, 2007 letter from the Centers for Medicare and Medicaid Services which would prevent states from covering children at incomes above 250 percent FPL. The President is expected to sign S 2499. Given that it provides only for 18 months of funding, the issue will be on the table again for the 2009 federal fiscal year.

Chairman Allenby asked if there were any questions or comments from the audience.

Mr. Figueroa asked if the funding provided by the bill is sufficient to eliminate the need for the Board to curtail enrollment. Ms. Cummings replied that the bill appears to be adequate to address the needs of the shortfall states. However the Congressional Research Service projects a higher need for the State than MRMIB staff and consultants project, making her a bit anxious and until CMS informs California of its allocation, nothing is certain. She participated in a phone-in radio interview with Dennis Smith of CMS and he is well aware of California's funding needs.

Mr. Figueroa asked if there was a need for any action. Ms. Cummings replied that staff had not planned for any action at today's meeting. She indicated that if California is allotted funding for its shortfall, staff would not be recommending implementation of the emergency regulations recently adopted by the Board to begin waiting lists and/or disenrollments.

Ms. Cummings said that the issues raised in the August 17 letter from CMS still need to be addressed, especially in light of possible health care reform in California which, under the current proposal, includes expanded children's coverage to be implemented in July 2009, only a few months after the March 2009 date for SCHIP funding to expire. Chairman Allenby agreed.

FINAL ADOPTION OF REGULATIONS TO IMPLEMENT 2006 HEALTH TRAILER BILL FOR AIM AND HFP (STREAMLINE ENROLLMENT, ELIMINATION OF DUPLICATE ENROLLMENT FOR AIM INFANTS IN HFP, AND AIM PAYMENT FOR STATE SUPPORTED SERVICES)

Janette Lopez presented a memo and the related regulations for the Board to consider adopting.

Ms. Lopez said that the Board approved emergency regulations, as part of 2006 Trailer Bill implementation, which streamlined enrollment by not collecting premiums with a person's initial application and by allowing MRMIB to auto-assign individuals to a health plan if a person has not selected one. These regulations also provided that MRMIB would avoid dual enrollments for AIM-linked infants, particularly for persons who applied to HFP but were determined to be enrolled in Medi-Cal or had employer-sponsored coverage. While MRMIB completed the process of finalizing these

regulations with the Office of Administrative Law (OAL), the Board adopted additional emergency regulations related to waiting lists and disenrollments. The new emergency regulations amended sections which were amended in the 2006 Trailer Bill emergency regulations that the Board had adopted earlier and that were going through the OAL approval process.

The regulations before the Board incorporate the changes attributable to the subsequently-adopted emergency regulations. Other than that, the regulations before the Board for final adoption are the same as those previously approved by the Board.

She noted that Molina Health Plan submitted a letter during the public comment period at OAL. Molina suggested altering the process for auto-assigning subscribers who do not make a plan selection. Presently, subscribers are defaulted to the Community Provider Plan. Molina suggested changing to a process that rewarded plans for high HEDIS and CAHPS scores. Ms. Lopez indicated that staff do not propose to adopt this change, noting that subscribers can change to the plan of their choice for the first three months of enrollment

The memo and related regulations are located at
http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/agenda_item_6.pdf

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

Dr. Crowell motioned to accept the regulations, seconded by Mr. Figueroa, and they were unanimously approved by the Board.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Thien Lam reported that HFP has more than 853,000 children enrolled in the program with more than 29,000 new subscribers last month. Latinos continue to be the majority of subscribers. The top five counties for enrollment continue to be in southern California. The complete report is posted at
http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_7a_HFP_Enrollment_Report_November_2007.pdf

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

Administrative Vendor Performance Report

Ms. Lam reported that the HFP administrative vendor had met all process and quality performance requirements. The complete report is posted at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_7b_HFP_Adm_Vendor_Perf_Nov_2007_Summary.pdf

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

Enrollment Entities/Certified Application Assistants Reimbursement Report

Larry Lucero presented the CAA and EE reports. He said that MRMIB paid around \$2.2 million in the first five months of the fiscal year to EEs, a \$430,000 increase from last month, with 43 new EEs last month. There continue to be around 140 or 150 new CAAs and 50 new EEs each month. He noted that 3,000 CAAs have been trained on the web-based training since it was implemented in February 2005.

The report is posted at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_7c_EE_ReimRpt12.19.pdf.

Mr. Lucero also noted that Maximus paid \$250,000 to EE's who had previously been receiving Outreach, Enrollment, Retention and Utilization grants.

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

HFP Advisory Panel Recommendations

Ms. Lopez said there were six vacancies on the HFP Advisory Panel. Four applications were received, three of which were from existing panel members. Of these, Dr. Morris withdrew his application for personal reasons. MRMIB staff will be asking him for recommendations to fill his slot (pediatric dentistry).

Mr. Jack Campana reapplied to serve as a representative of the education field, as did Dr. Arroyo, representing mental health providers. Barbara Orozco-Valdivia from HealthNet applied to represent health plans. MRMIB staff recommends appointment of these persons. There were no applicants from subscriber representatives which MRMIB staff will actively recruit to fill.

Chairman Allenby asked how staff recruits subscribers. Ms. Lopez said that MRMIB staff networks with other state entities, such as the Department of Mental Health Services and California Children's Services, to find subscribers who may be interested. The search for applicants is mostly limited to counties including and surrounding Sacramento as experience has shown that it is difficult for subscribers to travel. Staff send letters to families about the opportunity to serve on the panel.

Dr. Crowell moved to appoint Ms. Orozco-Valdivia and reappoint Dr. Arroyo and Mr. Campana. Dr. Chang seconded the motion and the Board passed it unanimously.

HFP Advisory Panel Summary

Mr. Jack Campana said that the Panel met November 6, a foggy day in southern California, and there was no quorum present. Six members were unable to fly in from Sacramento due to the weather. The major topics discussed were SCHIP reauthorization and the CMS August 17th letter.

Update on Encounter Data Project

Shelley Rouillard updated the Board on the status of the encounter data project under which MRMIB would collect encounter and claims data from participating plans. The purpose of the project is to obtain data that to assist in quality monitoring and to gain a better understanding of the specific health conditions HFP children have. Maximus developed a project plan and has been meeting the plan timeframes. MRMIB staff and Maximus staff meet regularly to identify the data elements to be captured and assure they can be provided by health plans.

On September 21, Maximus and MRMIB rolled out the project plan at a meeting with health plans. Staff requested that six plans volunteer to participate in a pilot. Blue Cross, Blue Shield, Community Health Plan, Contra Costa Health Plan, LA Care and Inland Empire, have agreed to do so. This represents a mix of larger and smaller plans, local initiatives and county organized health systems. Most plans will be able to report data in a HIPAA-compliant format; A few plans will report in the DHCS format.

MRMIB staff will meet again with the health plans in January and Maximus will be developing companion guides to explain to the health plans how to submit data and defining data elements. Maximus staff will begin testing the system in February or March, begin data validation in April and the goal is to begin deployment in June 2008.

Ms. Rouillard said that it will take time to develop an understanding of the data and to ensure it is complete and accurate. Hopefully, staff will be able to present data from the system to the Board in a year.

Chairman Allenby asked Ms. Rouillard to keep the Board informed as the project progresses. He indicated that the Board wants to dialogue with staff as the project proceeds to be sure that it accomplishes the Board's objectives.

Ms. Cummings said that the project is being done on a shoestring budget. Chairman Allenby acknowledged that this is usually the case. Ms. Cummings said that it is a daunting task, particularly given the large number of plans participating in HFP. Experts on encounter systems have told staff that the project would realistically require millions of dollars—and MRMIB isn't spending anything like that amount of money. It is important to keep expectations realistic.

Chairman Allenby commented that HIPAA makes consistent reporting possible and should make the project easier. Dr. Crowell said that being kept apprised along the way will help the Board keep its expectations realistic.

Proposed Regulations Modifying the Process for Determining Community Provider Plans (CPP)

Ms. Rouillard reminded the Board that staff presented an issue paper at the July 2006 Board meeting on various issues plans had raised about the CPP process. The paper analyzed the issues and made recommendations. Staff presented a follow up paper at the June 2007 meeting along with proposed regulations implementing the recommendations. The Board adopted the regulations. At that meeting, MRMIB staff scrambled to draft language to address concerns raised at the meeting. The staff has since learned that the language drafted at the meeting contained an error. OAL requires that the Board approve exactly the language that is to be submitted to OAL. Thus, the Board needs to reapprove the regulations.

Ms. Cummings said that staff is not asking the Board to approve the regulations at this meeting but rather at the January meeting.

At his point, Chairman Allenby had to leave the meeting. He asked Mr. Figueroa to chair the remainder of the meeting.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ms. Lopez informed the Board that in November 1,066 new subscribers were enrolled, bringing the total to nearly 7,950 pregnant women. The report is posted at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_8a_AIM_Enrollment_Report_November_2007.pdf. There were no public comments or questions.

Administrative Vendor Performance Report

Ms. Lopez presented the latest report to the Board. The contractor met all of its target goals. The report is posted at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_8b_AIM_Admin_Vendor_Perf_November_2007_Summary.pdf. There were no public comments or questions.

2008/09 Rate Development Changes

Denise Arend described to the Board changes staff have made in the way MRMIB pays plans for services to AIM subscribers. She presented two documents.

The first is a draft of the rate development template reflecting the restructuring the rate-setting process for AIM. The rate-setting is being recast to reflect a per member per month payment for the services prior to delivery of a baby and then a lump sum payment for the delivery and for two more months of services in AIM. (MRMIB also pays the plans a lump sum in the Healthy Families Program for the first two months of the "AIM infant's life."). MRMIB staff will work to make sure that the rate templates in AIM and HFP are connected so that payments flow appropriately for the mom and then for the baby. Staff sent the document to AIM health plans for their input. Universally, they said the template asked for too much detail. MRMIB staff will work to collapse some of the detail into, if nothing else, more readable documents.

At the January meeting, MRMIB staff will present the final AIM contract amendment package that goes to the health plans. The plans submit updated Evidence of Coverage (EOC) documents and rates. The Board will take up AIM rates at the March meeting.

The second document is the contract amendments staff propose to AIM plan contracts. This language includes changes to conform to the new rate payment process as well as other conforming changes related to the 2006 Trailer Bill mentioned earlier.

The final version of these documents will be presented to the Board in January. The handouts are posted at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/agenda_item_8c.pdf.

Mr. Figueroa called for any questions or comments from the audience. Ms. Arend expressed her gratitude to the plans for their input, which had been very helpful. There were no other comments.

Proposed Regulations to Reduce Subscriber Contributions Following First Trimester Miscarriage

Ms. Cummings indicated that staff is proposing regulations that excuse a woman who has a miscarriage in her first trimester from paying the full premium for AIM services. Advocates brought this issue to staff's attention. This is the first viewing of the regulations. Staff will ask the Board to adopt them at the January meeting. The proposed regulations also make technical changes to reflect that babies are no longer enrolled in AIM, but are in HFP.

Ms. Cummings walked through each of the changes in the regulations.

Mr. Figueroa, asked for questions or comments from the audience. Mr. Figueroa asked to clarify the amount of the rebate. Ms. Cummings replied that AIM subscribers

pay 1.5% of family income for AIM coverage. Under the proposed regulations, a woman who has a miscarriage in the first trimester would pay one third of that amount..

Lucy Quacinella, Maternal and Child Health Access, thanked staff for its work in advancing the regulations. She said advocates began making concerted efforts to address this issue in 2003 and 2004, maybe earlier. She said there are still important issues to address in the regulations, handed out written comments, and discussed her concerns. Her primary concern is that the regulations should also address retroactive disenrollment. As the program is structured, it is possible for a woman to be making payments for AIM coverage even though the coverage has ended. Ms. Quacinella stated that women find this very confusing and frequently make the assumption that as long as they are paying they have coverage. She also opined that the AIM application booklet is too complex and hard for subscribers to understand. She expressed cautious optimism that these issues could be resolved.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report and Update on Enrollment Cap and Waiting List

Ms. Lopez presented the latest report to the Board. In November, 340 new persons were enrolled, making 8, 043 total with a cap of 8,101. The program had to establish a waiting list on December 6th. The January enrollment report will reflect those people on the waiting list. MRMIB staff is monitoring the waiting list twice a month as oppose to once per month previously as this allows enrollment to be offered more frequently to persons on the waiting list. The report is posted at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_9a_MRMIP_Enrollment_Report_November_2007.pdf.

Mr. Figueroa asked if there were any questions or comments from the audience. There were none.

Administrative Vendor Performance Report

Ms. Lopez presented the latest report to the Board. Blue Cross met all of the standards except answering phone calls for the member's-only line 85 percent of the time timely within seconds to a live voice. This was due to the large volume of calls to the line due to reports of a potential waiting list and questions concerning the new deductible. The report is posted at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_121907/Agenda_Item_9c_MRMIP_Adm_Vendor_Perf_for_November_2007_Summary.pdf.

Mr. Figueroa asked if there were any questions or comments from the audience. There were none.

Update on Open Enrollment and Deductible Implementation for 2008 Benefit Year

Shelley Rouillard reminded the Board that at the July 2007 meeting it adopted a \$500 annual deductible to prevent a higher level of premium increases. The Board directed staff to exclude from the deductible preventative services as defined under the Knox-Keene Act. In September, several plans said that they could not implement the changes in the way that the Board requested and asked that additional services be carved out of the deductible. MRMIB staff agreed. However, open enrollment materials had already been sent to subscribers and they inaccurately reflected how the deductible was to be administered by each health plan. Ten days ago, the administrative vendor sent letters to subscribers summarizing the services and the deductible for each health plan, allowing people to transfer to different plans in January. Staff decided to prorate the deductible to \$450 annually and members were notified. Open enrollment ended December 15th and the extended open enrollment to address the problem ends January 10th with a February 1st effective date for those who transfer.

She thanked Jamie Yang, Cristal Schoenfelder, Naomi Yates, and Juanita Vaca for their work on these efforts. Acting Chairman Figueroa thanked the staff also.

Ms. Rouillard said there has been only one subscriber appeal regarding the changes to the program so far.

Dr. Crowell said that people may need to be alerted to the change back to \$500 for the deductible next year in a timely manner. She appreciated that the health plans are taking a preventative approach to the deductible.

Mr. Figueroa asked if there were any questions or comments from the audience. There were none.

There being no further business to come before the Board, the meeting was duly adjourned at 1:28 pm.